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Recensions / Book Reviews

Pensions at Work: Socially Responsible Investment of Union-Based Pension Funds

Edited by Jack Quarter, Isla Carmichael and Sherida Ryan, Toronto: University of Toronto Press, 2008, 291 pp., ISBN 978-0-802093-10-3.

This volume provides an investigation of the connections between unions and pension's governance. The book derives from a research alliance funded by the Social Sciences and Humanities Research Council of Canada. Despite the fact that material dealt with in the book is a cluster of different projects, the work provides an interesting network to deal with social issues. In this case, worker's capital as the indirect owners of capital is an important feature of financial capitalism. In the current situation of financial crises and interrogations about how to find new forms of regulation in the financial circulation, the issue of worker's capital is far from being negligible.

Socially Responsible Investment (SRI) of Union Based Pension Funds is defined as "the inclusion of social standards in investment decisions" and a way to "challenge conventional corporate behaviour and improve society" (p. 20). SRI is the kind of expression which conveys different meanings depending on the context in which it is used. It may be synonymous with ethical investment in the context of corporate behaviour. It may be synonymous with "alternative" investment in the context of portfolio management. It may be synonymous with positive externalities in the context of global and social accounting. It may be synonymous with "empowerment" in the context of education of workers involved in the governance of pension funds.

The purpose of SRI is to incorporate non financial criteria inside the classical approach to funds' portfolio management. Three forms of SRI are described in the book: investment screening, shareholder action and corporate engagement, and economically targeted investment. The objective of SRI is probably an aspect of the book which should be discussed in detail, because, as the current financial crises vividly illustrates, it is not as simple as it seems, that the accumulation of funds

from indirect source of workers' compensation should be financially managed, even with the incorporation of nonfinancial criteria. The discussion about the different forms of SRI should be made *in-situ*, by presenting the different actors of the pension's industry, and by discussing the role of the public actors inside the industry because the boundary between public and private management of funds are far from being clearly established.

The first three chapters of the book present the issue of fiduciary responsibility inside the regulatory framework of pension funds. Chapter one addresses "the changing role of unions in relation to pension fund investment" (p. 3). The change from a passive attitude to a greater control of investments began in the mid-eighties, in a context of growing public sector's pension assets, an enhanced emphasis on financial management of them, and large potential injury for employment and wages. Chapter two is based on a survey of labour trustees about the stages of trustee's development. The main argument is that "most unions have yet to articulate a comprehensive and proactive policy on their potential role in pension-fund governance" (p. 43). Chapter three is an analysis of the legal boundaries of pension-plan investment policy and argues "that the traditional interpretation of the law has been unnecessarily rigid and narrow, especially in the light of rapid changes in investment practice" (p. 70). The author develops a very convincing argument to show that legal decisions about fiduciary duties should not be referred to outside their specific context, and that the several sources of the legal boundaries are not as coherent as they are usually explain by managers of pension plans.

The next two chapters of the book deal with the economic and social dimensions of SRI in social screening. Chapter 4 explores SRI content through "the relationship between human capital performance and financial performance" (p. 106). The link between intangible resources and competitive advantage is viewed as a means of developing non-financial criteria of investment. In taking this perspective, the authors present 14 "social" indicators (from corporate governance to labour relations and health

and safety) which should potentially have an impact on financial performance by reducing investment's risk. Chapter 5 "examines how the financial structure of firms, particularly the level of investment in intangible assets, affects corporate risk-management practices" (p. 130). The authors argue that the prediction that a greater dependence on intangible capital is correlated with management of environmental and corporate governance risks, especially at the level of industry.

The next three chapters of the book present different dimensions of Economically Targeted Investment (ETI), another approach to promote SRI. Chapter 6 "presents a social accounting model called the expanded value added statement for reporting the economic, social, and environmental impact of an organization." (p. 159). That method of accounting is based on two main arguments. First, whether or not they are owners of capital, stakeholders are contributing to the creation of wealth. Second, the different dimensions of the activity of organizations are interrelated. That kind of accounting was already developed in France in the 1980s to assess the performance of large public sector companies. Chapter 7 discusses the links between pension plan investments in PPPs and ETI. It argues that "there is no evidence that these pension plans [public sector pension plans in Ontario] ever undertook infrastructure investment as part of a deliberate strategy in which broader considerations other than narrow financial returns were considered." (p. 182). It is not easy to understand why we have promoted financial returns on infrastructure through PPPs when the construction sector was the main source of employment growth in Canada between 2002 and 2007. Chapter 8 presents the CALPERS' initiative of develop ETI by programs of private equity to subsequently examines exited deals in Canada in order to assess whether a "geographic" target was stated by at least one of the investment partners (p. 229).

The last two chapters present two aspects of the ethical dimension of SRI through evaluation's processes. Chapter 9 questions the ethical obligation of pension plans to evaluate their investment strategies, for instance for their EESG impacts as promoted by United Nations. If pension funds are central in this

normalization process, it is not clear that the entire labour movement has endorsed this ethical obligation. Chapter 10 presents an evaluation of the Quebec Federation of Labour training program on the bargaining and administration of pension plans. The author concludes that "the program fully attains most of its training objectives, and this accomplishment appears to contribute to increased involvement and empowerment of the people immersed in the field of pensions (p. 289). Despite such optimism, the research does not assess the link between education and collective action.

The book's conclusion does not state the main results and the future perspectives of the research program on Pensions at Work. It remains unclear how the current financial crisis will impact SRI. The financial situation of pension plans may eclipse social concerns. But the same situation may also call for stronger social governance of worker's capital. The experience of the SSHRC research alliance clearly shows that a social science's approach is required to fully assess the relationship between organized labour and pension capital.

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Les mouvements sociaux face au commerce éthique : une tentative de régulation démocratique du travail

Par Thierry Brugvin, Paris : Éditions Lavoisier, 2007, 402 p., ISBN 978-2-746217-90-4.

L'ouvrage que nous propose Thierry Brugvin analyse un sujet brûlant d'actualité : la mise en œuvre d'une régulation privée par des acteurs non-étatiques. Issu d'une thèse de doctorat, le manuscrit se veut à la fois une version allégée et plus complète où l'auteur se prête à une analyse systématique sur le plan conceptuel mais aussi à travers une riche étude de terrain. Les préoccupations à l'origine de cette analyse s'attachent à l'effectivité déficiente des normes internationales du travail, à laquelle de nouveaux mécanismes de régulation prétendent pallier : codes de conduite et labels. Brugvin formule l'hypothèse suivante, qui servira de fil conducteur à l'ensemble de l'ouvrage : *les mouvements sociaux transnationaux cherchent à renforcer, à court terme, la régulation des normes sociales et sa légitimité,*